

Article - Estates and Trusts

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§15–106.

(a) The following investments shall be lawful investments for any person:

(1) Debentures issued by federal intermediate credit banks or by banks for cooperatives;

(2) Bonds issued by federal land banks or by the Federal Home Loan Bank Board;

(3) Mortgages, bonds, or notes secured by a mortgage or deed of trust, or debentures issued by the Federal Housing Administration;

(4) Obligations of national mortgage associations;

(5) Shares, free-share accounts, certificates of deposit, or investment certificates of any insured financial institution, as defined in § 13-301(h) of this article;

(6) Bonds or other obligations issued by a housing authority pursuant to the provisions of Division II of the Housing and Community Development Article, or issued by any public housing authority or agency in the United States, when such bonds or other obligations are secured by a pledge of annual contributions to be paid by the United States or any agency of the United States;

(7) Obligations issued or guaranteed by the International Bank for Reconstruction and Development;

(8) Obligations issued or guaranteed by the African Development Bank;

(9) Obligations issued or guaranteed by the International Finance Corporation; or

(10) United States government obligations, whether invested in directly, or in the form of securities of, or other interests in, any open-end or closed-end management type investment company or investment trust registered under the provisions of the federal Investment Company Act of 1940, 15 U.S.C. § 80a-1 et seq., if:

(i) The portfolio of the open-end or closed-end management type investment company or investment trust is limited to direct obligations of the United States government and to repurchase agreements fully collateralized by United States government obligations; and

(ii) The open-end or closed-end management type investment company or investment trust takes delivery of that collateral, either directly or through an authorized custodian.

(b) (1) In this subsection, “affiliate” has the meaning stated in 12 U.S.C. § 1841.

(2) A trust company in its fiduciary capacity may deposit in the trust company or in a financial institution that is an affiliate of the trust company funds awaiting investment or distribution unless the agreement or instrument that gives the trust company investment authority provides to the contrary.

(3) A trust company in its fiduciary capacity may purchase bonds of the State or of any political subdivision of the State underwritten in whole or in part by the trust company or a financial institution that is an affiliate of the trust company unless the agreement or instrument that gives the trust company investment authority provides to the contrary.

(c) (1) Subject to the provisions of paragraph (2) of this subsection, a corporate fiduciary may invest and reinvest fiduciary funds and other funds over which the corporate fiduciary has investment discretion in securities of, or other interests in, a no-load open-end or closed-end management type investment company or investment trust registered under the provisions of the federal Investment Company Act of 1940 that does not impose a contingent deferred sales charge or distribution charge on that investment or reinvestment.

(2) The provisions of paragraph (1) of this subsection apply even if the corporate fiduciary or an affiliate of the corporate fiduciary provides services as investment adviser or manager, sponsor, distributor, custodian, transfer agent, registrar, or similar related services to the investment company or investment trust and receives reasonable compensation for those services if:

(i) The investment is authorized by the agreement or instrument that gives the corporate fiduciary investment authority, or by court order; or

(ii) The corporate fiduciary discloses to its principal or, if the assets are held in trust, to any current income beneficiaries of the trust:

1. The services provided by the corporate fiduciary or its affiliate to the investment company or investment trust; and

2. The rate, formula, or other method by which compensation paid to the corporate fiduciary or its affiliate is determined.

(d) Any person holding a mortgage or other lien on property may exchange it, prior or subsequent to maturity, for any other lawful investment.

(e) This section shall not be construed as relieving any person from any duty of exercising reasonable care in selecting securities.

(f) No general, local, or special law which is inconsistent with this section shall have any effect.

(g) This section shall not be construed to make unlawful any investment not listed in this section.

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